

Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 18-1243.01 Jerry Barry x4341

SENATE BILL 18-266

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SENATE SPONSORSHIP

**Lundberg**, Lambert, Moreno

HOUSE SPONSORSHIP

**Young**, Hamner, Rankin

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**Senate Committees**  
Appropriations

**House Committees**

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A BILL FOR AN ACT

101 CONCERNING CONTROLLING COSTS UNDER THE "COLORADO MEDICAL  
102 ASSISTANCE ACT", AND, IN CONNECTION THEREWITH, USING  
103 DATA AND TECHNOLOGY, CREATING A HOSPITAL REVIEW  
104 PROGRAM, AND MAKING AND REDUCING AN APPROPRIATION.

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)*

**Joint Budget Committee.** The bill directs the department of health care policy and financing (department) to provide information to providers participating in the accountable care collaborative regarding:

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

- ! Cost and quality of medical services provided by hospitals and other medicaid providers; and
- ! Cost and quality of available pharmaceuticals prescribed by medicaid providers.

The department may make the same information available to other medicaid providers.

The department shall automatically review claims to identify and correct improper coding prior to payment and may obtain commercial technology to conduct the reviews.

The department is authorized to pursue cost-control strategies, value-based payments, and other approaches to reduce the rate of expenditure growth in the medicaid program. The department shall allow recipients, providers, and stakeholders an opportunity to comment and shall report to the joint budget committee prior to implementing any strategies or measures. The department is required to contract for an independent evaluation of any measures pursued and to provide reports to the joint budget committee on the evaluations.

Subject to federal approval, the department is also directed to design and implement an evidence-based hospital review program to ensure that utilization of hospital services is based on a recipient's need for care. Prior to implementing any changes, the department shall allow recipients, providers, and stakeholders an opportunity to comment and shall report to the joint budget committee. The department shall also report to the joint budget committee on the estimated savings from the changes.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 25.5-4-419 as  
3 follows:

4 **25.5-4-419. Cost control - legislative intent - use of technology**  
5 **- stakeholder feedback - reporting - rules.** (1) IT IS THE INTENT OF THE  
6 GENERAL ASSEMBLY THAT:

7 (a) THE DEPARTMENT OF HEALTH CARE POLICY AND FINANCING  
8 PURSUES STRATEGIES TO CONTROL COSTS IN THE MEDICAID PROGRAM  
9 AUTHORIZED IN THE "COLORADO MEDICAL ASSISTANCE ACT";

10 (b) THE STATE DEPARTMENT DEDICATES PERMANENT STAFF AND  
11 RESOURCES TO PURSUE COST-CONTROL STRATEGIES, VALUE-BASED

1 PAYMENTS, AND OTHER APPROACHES TO REDUCE THE RATE OF  
2 EXPENDITURE GROWTH IN THE MEDICAID PROGRAM; AND

3 (c) THIS SECTION DOES NOT PRECLUDE THE STATE DEPARTMENT  
4 FROM PURSUING OTHER COST-CONTAINMENT ACTIVITIES THAT ARE NOT  
5 SPECIFICALLY DESCRIBED IN THIS SECTION.

6 (2) (a) THE STATE DEPARTMENT SHALL PROVIDE INFORMATION  
7 REGARDING MEDICAID EXPENDITURES AND THE QUALITY OF MEDICAL  
8 SERVICES PROVIDED BY PROVIDERS PARTICIPATING IN THE MEDICAID  
9 PROGRAM TO PROVIDERS PARTICIPATING IN THE ACCOUNTABLE CARE  
10 COLLABORATIVE PURSUANT TO SECTION 25.5-5-419.

11 (b) THE STATE DEPARTMENT SHALL PROVIDE INFORMATION  
12 REGARDING MEDICAID EXPENDITURES AND THE QUALITY OF AVAILABLE  
13 PHARMACEUTICALS PRESCRIBED BY PROVIDERS PARTICIPATING IN THE  
14 MEDICAID PROGRAM TO PROVIDERS PARTICIPATING IN THE ACCOUNTABLE  
15 CARE COLLABORATIVE PURSUANT TO SECTION 25.5-5-419.

16 (c) THE STATE DEPARTMENT MAY PROVIDE THE INFORMATION  
17 DESCRIBED IN SUBSECTIONS (2)(a) AND (2)(b) OF THIS SECTION TO OTHER  
18 PROVIDERS PARTICIPATING IN THE MEDICAID PROGRAM.

19 (3) (a) THE STATE DEPARTMENT SHALL UTILIZE THE MEDICAID  
20 MANAGEMENT INFORMATION SYSTEM TO ENSURE THAT CLAIMS ARE  
21 AUTOMATICALLY REVIEWED PRIOR TO PAYMENT TO IDENTIFY AND  
22 CORRECT IMPROPER CODING THAT LEADS TO INAPPROPRIATE PAYMENT IN  
23 MEDICAID CLAIMS.

24 (b) THE STATE DEPARTMENT MAY PROCURE COMMERCIAL  
25 TECHNOLOGY TO IMPLEMENT THE REQUIREMENTS OF SUBSECTION (3)(a)  
26 OF THIS SECTION.

27 (4) (a) THE STATE DEPARTMENT SHALL PURSUE COST-CONTROL

1 STRATEGIES, VALUE-BASED PAYMENTS, AND OTHER APPROACHES TO  
2 REDUCE THE RATE OF EXPENDITURE GROWTH IN THE MEDICAID PROGRAM.

3 (b) PRIOR TO IMPLEMENTING ANY NEW MEASURES AUTHORIZED BY  
4 THIS SECTION, THE STATE DEPARTMENT SHALL PROVIDE AN OPPORTUNITY  
5 FOR AFFECTED RECIPIENTS, PROVIDERS, AND STAKEHOLDERS TO PROVIDE  
6 FEEDBACK ON THE STATE DEPARTMENT'S PROPOSED IMPLEMENTATION.

7 (5) BY NOVEMBER 1, 2018, THE STATE DEPARTMENT SHALL  
8 PROVIDE A REPORT TO THE JOINT BUDGET COMMITTEE CONCERNING:

9 (a) THE FEEDBACK RECEIVED PURSUANT TO SUBSECTION (4)(b) OF  
10 THIS SECTION;

11 (b) THE TIMELINES FOR IMPLEMENTATION OF ANY COST-CONTROL  
12 MEASURES ENACTED PURSUANT TO THIS SECTION; AND

13 (c) A DESCRIPTION OF THE EXPECTED IMPACT ON RECIPIENTS AND  
14 RECIPIENTS' HEALTH OUTCOMES AND HOW THE STATE DEPARTMENT PLANS  
15 TO MEASURE THE EFFECT ON RECIPIENTS.

16 (6) (a) THE STATE DEPARTMENT SHALL CONTRACT WITH A THIRD  
17 PARTY TO PERFORM AN INDEPENDENT EVALUATION OF THE COST-CONTROL  
18 MEASURES AUTHORIZED PURSUANT TO THIS SECTION.

19 (b) THE STATE DEPARTMENT SHALL PROVIDE A REPORT TO THE  
20 JOINT BUDGET COMMITTEE ON NOVEMBER 1, 2019, AND NOVEMBER 1,  
21 2020, DETAILING THE RESULTS OF THE INDEPENDENT EVALUATION,  
22 INCLUDING ESTIMATES OF THE COST SAVINGS ACHIEVED AND THE IMPACT  
23 OF THE COST-CONTROL MEASURES AUTHORIZED PURSUANT TO THIS  
24 SECTION ON RECIPIENTS AND RECIPIENTS' HEALTH OUTCOMES.

25 (7) THE STATE BOARD SHALL ADOPT ANY RULES NECESSARY FOR  
26 THE ADMINISTRATION AND IMPLEMENTATION OF THIS SECTION.

27 **SECTION 2.** In Colorado Revised Statutes, 25.5-4-402, **add** (4)

1 as follows:

2 **25.5-4-402. Providers - hospital reimbursement - hospital**  
3 **review program - rules.** (4) (a) SUBJECT TO FEDERAL APPROVAL, AND  
4 NOTWITHSTANDING ANY OTHER PROVISION OF THE "COLORADO MEDICAL  
5 ASSISTANCE ACT", THE STATE DEPARTMENT SHALL DESIGN AND  
6 IMPLEMENT AN EVIDENCE-BASED HOSPITAL REVIEW PROGRAM TO ENSURE  
7 APPROPRIATE UTILIZATION OF HOSPITAL SERVICES.

8 (b) CONSISTENT WITH FEDERAL REGULATIONS SET FORTH IN 42  
9 CFR 456, THE HOSPITAL REVIEW PROGRAM MAY INCLUDE THE FOLLOWING:

10 (I) PREADMISSION REVIEW;

11 (II) CONTINUED STAY REVIEW;

12 (III) TRANSFER PLANNING;

13 (IV) DISCHARGE PLANNING;

14 (V) CARE COORDINATION; AND

15 (VI) RETROSPECTIVE CLAIMS REVIEW.

16 (c) THE FOLLOWING FACTORS MUST BE CONSIDERED IN ANY  
17 COVERAGE DETERMINATIONS MADE PURSUANT TO THE HOSPITAL REVIEW  
18 PROGRAMS:

19 (I) INFORMATION PROVIDED, DIAGNOSIS DETERMINED, AND  
20 TREATMENT RECOMMENDED BY THE TREATING PROVIDER OR PROVIDERS;

21 (II) EVIDENCE-BASED CLINICAL COVERAGE CRITERIA AND  
22 RECIPIENT COVERAGE GUIDELINES AS ESTABLISHED BY THE STATE  
23 DEPARTMENT;

24 (III) NATIONALLY RECOGNIZED UTILIZATION AND TECHNOLOGY  
25 ASSESSMENT GUIDELINES; AND

26 (IV) INDUSTRY STANDARD CRITERIA, AS APPROPRIATE.

27 (d) (I) THE STATE DEPARTMENT SHALL CONSULT WITH AFFECTED

1 STAKEHOLDERS PRIOR TO IMPLEMENTATION OF THE HOSPITAL REVIEW  
2 PROGRAM. AT A MINIMUM, THE STATE DEPARTMENT SHALL SOLICIT  
3 FEEDBACK FROM RECIPIENTS, HOSPITALS WITHIN COLORADO THAT  
4 PARTICIPATE IN MEDICAID, PROVIDERS PARTICIPATING IN THE  
5 ACCOUNTABLE CARE COLLABORATIVE PURSUANT TO SECTION 25.5-5-419,  
6 AND THE COLORADO HEALTHCARE AFFORDABILITY AND SUSTAINABILITY  
7 ENTERPRISE BOARD ESTABLISHED IN SECTION 25.5-4-402.4 (7). IF THE  
8 STATE DEPARTMENT CONTRACTS WITH A THIRD-PARTY VENDOR TO  
9 IMPLEMENT THE HOSPITAL REVIEW PROGRAM, THE STATE DEPARTMENT  
10 SHALL REQUIRE THE VENDOR TO PARTICIPATE IN THE STAKEHOLDER  
11 OUTREACH WITH HOSPITALS REQUIRED PURSUANT TO THIS SUBSECTION  
12 (4)(d)(I).

13 (II) PRIOR TO IMPLEMENTATION OF THE HOSPITAL REVIEW  
14 PROGRAM, THE STATE DEPARTMENT SHALL PROVIDE AN OPPORTUNITY FOR  
15 HOSPITALS TO TEST CONNECTIVITY TO AND WORKABILITY OF ANY NEW  
16 ELECTRONIC INTERFACE CREATED OR IMPLEMENTED AS PART OF THIS  
17 SECTION. THE STATE DEPARTMENT SHALL SELECT A LIMITED GROUP OF  
18 HOSPITALS TO TEST ANY NEW REQUIREMENTS PRIOR TO FULL  
19 IMPLEMENTATION.

20 (III) THE STATE DEPARTMENT SHALL PROVIDE A REPORT TO THE  
21 JOINT BUDGET COMMITTEE BY NOVEMBER 1, 2018, ON THE STATUS OF THE  
22 IMPLEMENTATION OF THE HOSPITAL REVIEW PROGRAM. THE REPORT MUST  
23 INCLUDE THE COMMENTS RECEIVED AS PART OF THE STAKEHOLDER  
24 PROCESS DESCRIBED IN SUBSECTION (4)(d)(I) OF THIS SECTION AND A  
25 DESCRIPTION OF, AND ANY AVAILABLE RESULTS FROM, THE TESTING  
26 PROCESS DESCRIBED IN SUBSECTION (4)(d)(II) OF THIS SECTION.

27 (IV) THE STATE DEPARTMENT SHALL PROVIDE A REPORT TO THE

1 JOINT BUDGET COMMITTEE ON NOVEMBER 1, 2019, AND NOVEMBER 1,  
2 2020, DETAILING THE ESTIMATES OF THE COST SAVINGS ACHIEVED AND  
3 THE IMPACT OF THE COST-CONTROL MEASURES AUTHORIZED PURSUANT TO  
4 THIS SECTION ON RECIPIENTS AND RECIPIENTS' HEALTH OUTCOMES.

5 (e) THE STATE BOARD SHALL ADOPT ANY RULES NECESSARY FOR  
6 THE ADMINISTRATION AND IMPLEMENTATION OF THIS SECTION.

7 **SECTION 3. Appropriation - adjustments to 2018 long bill.**

8 (1) For the 2018-19 state fiscal year, \$2,737,764 is appropriated to the  
9 department of health care policy and financing for use by the executive  
10 director's office. Of this appropriation, \$2,007,911 is from the general  
11 fund and \$729,853 is from the healthcare affordability and sustainability  
12 fee cash fund created in section 25.5-4-402.4 (5)(a), C.R.S. To implement  
13 this act, the department may use this appropriation as follows:

14 (a) \$333,902 from the general fund for personal services, which  
15 amount is based on an assumption that the department will require an  
16 additional 6.8 FTE;

17 (b) \$22,612 from the general fund for operating expenses;

18 (c) \$1,750,000, which consists of \$1,213,625 from the general  
19 fund and \$536,375 from the healthcare affordability and sustainability fee  
20 cash fund created in section 25.5-4-402.4 (5)(a), C.R.S., for general  
21 professional services;

22 (d) \$237,500, which consists of \$164,706 from the general fund,  
23 which amount is subject to the "(M)" notation as defined in the annual  
24 general appropriation act for the same fiscal year, and \$72,794 from the  
25 healthcare affordability and sustainability fee cash fund created in section  
26 25.5-4-402.4 (5)(a), C.R.S., for medicaid management information system  
27 maintenance and projects; and

1 (e) \$393,750, which consists of \$273,066 from the general fund,  
2 which amount is subject to the "(M)" notation as defined in the annual  
3 general appropriation act for the same fiscal year, and \$120,684 from the  
4 healthcare affordability and sustainability fee cash fund created in section  
5 25.5-4-402.4 (5)(a), C.R.S., for utilization and quality review contracts.

6 (2) For the 2018-19 state fiscal year, the general assembly  
7 anticipates that the department of health care policy and financing will  
8 receive \$5,200,263 in federal funds to implement this act. The  
9 appropriation in subsection (1) of this section is based on the assumption  
10 that the department will receive this amount of federal funds to be used  
11 as follows:

- 12 (a) \$333,901 for personal services;
- 13 (b) \$22,612 for operating expenses;
- 14 (c) \$1,750,000 for general professional services;
- 15 (d) \$1,912,500 for medicaid management information system  
16 maintenance and projects; and
- 17 (e) \$1,181,250 for utilization and quality review contracts.

18 (3) To implement this act, appropriations made in the annual  
19 general appropriation act for the 2018-19 state fiscal year to the  
20 department of health care policy and financing are adjusted as follows:

21 (a) The general fund appropriation for medical and long-term care  
22 services for medicaid eligible individuals is decreased by \$2,738,227,  
23 which amount is subject to the "(M)" notation as defined in the annual  
24 general appropriation act for the same fiscal year; and

25 (b) The cash funds appropriation from the healthcare affordability  
26 and sustainability fee cash fund created in section 25.5-4-402.4 (5)(a),  
27 C.R.S. for medical and long-term care services for medicaid eligible



1 individuals is decreased by \$507,240.

2 (4) The decrease of the appropriations in subsection (3) of this  
3 section is based on the assumption that the anticipated amount of federal  
4 funds received for the 2018-19 state fiscal year by the department of  
5 health care policy and financing for medical and long-term care services  
6 for medicaid eligible individuals will decrease by \$6,754,533.

7 **SECTION 4. Safety clause.** The general assembly hereby finds,  
8 determines, and declares that this act is necessary for the immediate  
9 preservation of the public peace, health, and safety.